



Mary Taylor, CPA  
Auditor of State



HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Funds - For the Year Ended December 31, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Funds - For the Year Ended December 31, 2007.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	11
Schedule of Prior Audit Findings .....	13

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Mary Taylor, CPA  
Auditor of State

Highland County General Health District  
Highland County  
1487 North High  
Suite 400  
Hillsboro, Ohio 45133

To the Members of the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

August 25, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Highland Count General Health District  
Highland County  
1487 North High  
Suite 400  
Hillsboro, Ohio 45135

To the Members of the Board:

We have audited the accompanying financial statements of Highland County General Health District, Highland County, Ohio (the District), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Highland County General Health District, Highland County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

August 25, 2009



**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Intergovernmental	\$716,669			\$716,669
Inspection Fees	17,687			17,687
Permits	56,680	7,872		64,552
Other Fees	127,050	825		127,875
Licenses	772	78,238		79,010
Contractual Services	33,600			33,600
Miscellaneous	13,553	250	115	13,918
<b>Total Cash Receipts</b>	<b>966,011</b>	<b>87,185</b>	<b>115</b>	<b>1,053,311</b>
<b>Cash Disbursements:</b>				
Current Disbursements:				
Health:				
Salaries	580,656	62,034		642,690
Supplies	44,016	66		44,082
Remittances to State	23,563	11,286		34,849
Equipment	4,130			4,130
Contracts - Repair	4,539			4,539
Contracts - Services	26,186			26,186
Utilities	31,156			31,156
Travel	21,425	3,166		24,591
Insurance	17,606			17,606
Advertising and Printing	1,480			1,480
Public Employee's Retirement	117,200	7,208		124,408
Workers' Compensation & DWR	5,273	231		5,504
Other	55,760	3,317		59,077
Debt Service				
Principal			212,815	212,815
Interest			8,028	8,028
<b>Total Disbursements</b>	<b>932,990</b>	<b>87,308</b>	<b>220,843</b>	<b>1,241,141</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>33,021</b>	<b>(123)</b>	<b>(220,728)</b>	<b>(187,830)</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			24,843	24,843
Transfers-Out	(24,843)			(24,843)
Debt Proceeds			196,000	196,000
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(24,843)</b>	<b>0</b>	<b>220,843</b>	<b>196,000</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>8,178</b>	<b>(123)</b>	<b>115</b>	<b>8,170</b>
<b>Fund Cash Balances, January 1</b>	<b>244,072</b>	<b>35,595</b>	<b>314</b>	<b>279,981</b>
<b>Fund Cash Balances, December 31</b>	<b>\$252,250</b>	<b>\$35,472</b>	<b>\$429</b>	<b>\$288,151</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$4,793</b>	<b>\$20</b>	<b>\$0</b>	<b>\$4,813</b>

*The notes to the financial statements are an integral part of this statement.*

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Intergovernmental	\$729,012			\$729,012
Inspection Fees	31,305			31,305
Permits	59,730	7,432		67,162
Other Fees	144,899	1,480		146,379
Licenses	600	76,527		77,127
Contractual Services	28,691			28,691
Miscellaneous	17,170	300		17,470
Total Cash Receipts	<u>1,011,407</u>	<u>85,739</u>	<u>0</u>	<u>1,097,146</u>
<b>Cash Disbursements:</b>				
Current Disbursements:				
Health:				
Salaries	568,209	66,820		635,029
Supplies	44,386	63		44,449
Remittances to State	27,106	10,306		37,412
Equipment	17,112			17,112
Contracts - Repair	3,577			3,577
Contracts - Services	24,926			24,926
Utilities	29,670			29,670
Travel	23,701	3,132		26,833
Insurance	15,943	50		15,993
Advertising and Printing	1,297			1,297
Public Employee's Retirement	117,977	8,806		126,783
Workers' Compensation & DWR	11,239	957		12,196
Other	70,884	3,284		74,168
Debt Service				
Principal			16,815	16,815
Interest			8,028	8,028
Total Disbursements	<u>956,027</u>	<u>93,418</u>	<u>24,843</u>	<u>1,074,288</u>
Total Receipts Over/(Under) Disbursements	<u>55,380</u>	<u>(7,679)</u>	<u>(24,843)</u>	<u>22,858</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			24,843	24,843
Transfers-Out	(24,843)			(24,843)
Total Other Financing Receipts/(Disbursements)	<u>(24,843)</u>	<u>0</u>	<u>24,843</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	30,537	(7,679)	0	22,858
Fund Cash Balances, January 1	213,535	43,274	314	257,123
<b>Fund Cash Balances, December 31</b>	<b><u>\$244,072</u></b>	<b><u>\$35,595</u></b>	<b><u>\$314</u></b>	<b><u>\$279,981</u></b>
Reserves for Encumbrances, December 31	<u>\$3,511</u>	<u>\$53</u>	<u>\$0</u>	<u>\$3,564</u>

*The notes to the financial statements are an integral part of this statement.*

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Highland County General Health District, Highland County, Ohio (the District), as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The Board is appointed by the Highland County Health District Advisory Council which consists of representatives of Highland County Villages, Cities, Townships, and Highland County Commissioners. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

As required by the Ohio Revised Code, the Highland County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**2. Special Revenue Funds**

Restaurant - This fund receives receipts for licenses for food establishments and food service operations.

Private Water Fund - This fund receives receipts for permits and for private water and household sewage disposal systems.

**3. Debt Service Fund**

This fund is used to account for the accumulation of resources for and the payment of principal, interest and related costs.

**E. Budgetary Process**

The Ohio Revised Code requires the District to budget each fund annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

**2008 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$936,468	\$966,011	\$29,543
Special Revenue	84,720	87,185	2,465
Debt Service	220,843	220,958	115
Total	<u>\$1,242,031</u>	<u>\$1,274,154</u>	<u>\$32,123</u>

**2008 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,146,468	\$962,626	\$183,842
Special Revenue	117,067	87,328	29,739
Debt Service	220,843	220,843	0
Total	<u>\$1,484,378</u>	<u>\$1,270,797</u>	<u>\$213,581</u>

**2007 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$911,726	\$1,011,407	\$99,681
Special Revenue	92,224	85,739	(6,485)
Debt Service	24,528	24,843	315
Total	<u>\$1,028,478</u>	<u>\$1,121,989</u>	<u>\$93,511</u>

**2007 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,102,656	\$984,381	\$118,275
Special Revenue	130,149	93,471	36,678
Debt Service	24,843	24,843	0
Total	<u>\$1,257,648</u>	<u>\$1,102,695</u>	<u>\$154,953</u>

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. Intergovernmental Funding**

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

**4. Retirement Systems**

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5% respectively, of their gross salaries and the District contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2008.

**5. Risk Management**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

**6. Debt**

On June 12, 2008, the Highland County Commissioners issued \$196,000 in Bond Anticipation Notes for the purpose of refunding the 2003 Board of Health Building Improvement Loan. The notes are general obligations of Highland County (the County) and are backed by the full faith and credit of the County. The District has agreed to pay the debt service on the notes from general revenues, however currently there is no formal written agreement between the two parties.

At December 31, 2008 the District owed a total of \$196,000 to the Highland County Commissioners for principal on the County Building Bond Anticipation Notes.



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Highland County General Health District  
Highland County  
1487 North High  
Suite 400  
Hillsboro, Ohio 45133

To the District Board of Trustees:

We have audited the financial statements of the Highland County General Health District, Highland County, Ohio (the District), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 25, 2009, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated August 25, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated August 25, 2009.

We intend this report solely for the information and use of the management and the District Board of Trustees.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

August 25, 2009



**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	ORC 5705.41(D) – Not properly encumbering	No	Partially Corrected Management Letter Citation





**Mary Taylor, CPA**  
Auditor of State

**GENERAL HEALTH DISTRICT**

**HIGHLAND COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 10, 2009**